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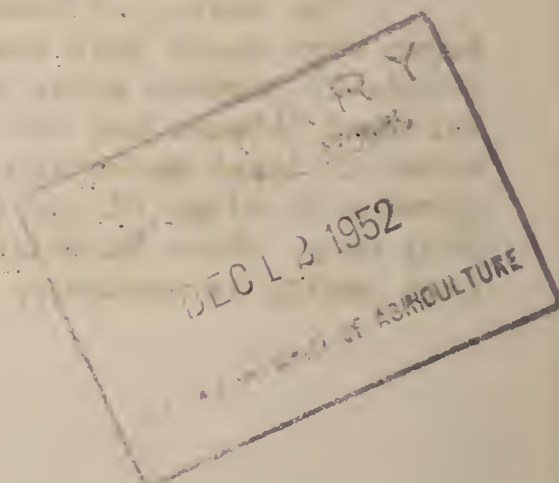
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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. BAE DECEMBER 1952

Approved by the Outlook and Situation Board, December 18, 1952

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SUMMARY

The domestic economy was operating at a record rate in November and early December. Output of the Nation's factories and mines moved upward slightly to new highs and marketings of farm products were at record rates. Employment rose as economic activity picked up in the late fall, and with larger weekly earnings, personal income payments increased to record levels.

Average wholesale prices for all commodities held relatively steady in November and early December, in general reflecting not only large demands on the economy but abundant supplies of most products. Prices of products other than farm and food were firm. But prices of farm products continued to decline, largely because of seasonally heavy marketings and a sharply reduced export demand.

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ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951			1952		
		Year	Nov.	Aug.	Sept.	Oct.	Nov.
Industrial production <u>1/</u>							
Total.....	1935-39=100	220	219	214	226	227	229e
All manufacturers.....	do.	229	228	224	235	238	239e
Durable goods.....	do.	273	277	266	287	294	297e
Nondurable goods.....	do.	194	188	191	194	193	192e
Minerals.....	do.	164	170	157	175	165	172e
Construction activity <u>1/</u> #							
Contracts, total.....	1947-49=100	171	156	207	207	210	
Contracts, residential.....	do.	170	146	193	191	185	
Wholesale prices <u>2/</u> #							
All commodities.....	1947-49=100	115	114	112	112	111	111
All commodities except farm and food.....	do.	116	114	113	113	113	113
Farm products.....	do.	113	112	110	107	105	104
Processed foods.....	do.	111	111	110	110	108	108
Prices received and paid by farmers <u>3/</u>							
Prices received, all products..	1910-11=100	302	301	295	288	282	277
Prices paid, interest, taxes, and wage rates.....	do.	281	284	287	285	282	281
Parity ratio.....	do.	107	106	103	101	100	99
Consumers' price <u>2/</u> <u>4/</u>							
Total.....	1935-39=100	186	189	191	191	191	191
Food.....	do.	227	231	236	233	232	232
Nonfood.....	do.	164	166	168	169	169	169
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	233.6	239.5	249.4	253.0	255.2	
Production worker pay rolls <u>2/</u> #.	1947-49=100	129	130	133	142	143	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	64.88	65.85	67.80	70.09	70.80	
Durable goods.....	do.	69.97	71.05	72.71	76.06	77.30	
Nondurable goods.....	do.	58.50	59.07	61.57	62.30	62.30	
Employment							
Total civilian <u>6/</u>	Millions	61.0	61.3	62.4	62.3	61.9	62.2
Nonagricultural <u>6/</u>	do.	54.0	54.3	55.4	54.7	54.6	55.5
Agricultural <u>6/</u>	do.	7.0	7.7	7.0	7.5	7.3	6.8
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating.....	dollars	4,945	4,293	4,878	6,898	3,418	
Outgo, cash operating.....	do.	4,836	5,642	5,622	6,066	6,514	
Net cash operating income or outgo.....	do.	+109	-1,348	-744	+832	-3,097	

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

Revised series. e=Estimates.

Expansion in consumer incomes and in use of credit supported increased consumer buying in recent months. Investment spending was also large. According to preliminary indications and plans, investment outlays by business for new plant and equipment reached a new high in the fourth quarter and are expected to be somewhat higher in the first quarter of 1953. Housing starts in November were near an annual rate of 1.2 million units and construction prospects reported jointly by the Department of Commerce and the Department of Labor indicate starts of around a million units for 1953. Increases in spending so far this quarter suggest that total outlays by consumers, businessmen and the Government will be well above the record third quarter level.

Commodity Highlights

Prices for hogs and possibly for lambs and lower grade cattle, may rise this winter but those for medium and higher grade fed cattle are likely to decline. By the end of November, wholesale prices for butter had declined to a level where price support purchases were resumed in volume after a lapse of about 2 years. Egg prices are declining seasonally and in mid-December were below those of a month earlier. Total supplies of fats and oils in 1952-53 may be about as large as last year's record level; prices in December averaged about the same as the month before. Corn prices strengthened during November and in the first half of December, and probably will strengthen further later in the season as marketings are reduced and more corn is held under price support. The world crop of wheat is expected to set a new record in 1952-53. As a result of the increased supplies of wheat in importing countries, U. S. exports are likely to be down about one-third from 1951-52. Prices for oranges and grapefruit probably will decline in January with the usual post-holiday weakening in demand for fresh citrus, but they are likely to increase later in the winter as canning and freezing reach heavy volume. Fresh vegetable supplies this winter are expected to be larger than a year earlier, with prices somewhat lower. Supplies of late crop potatoes are believed adequate to supply demand, and potato prices are expected to remain relatively high but below the record prices reached in the spring and summer of 1952. With the supply of cotton for the 1952-53 crop year estimated at 17.8 million bales, domestic consumption of about 9.7 million and exports in the neighborhood of 4 million, the carry-over on August 1, 1953 will probably be around 4 million bales. Prices of most wools at the Australian auctions advanced slightly between mid-November and mid-December, but quotations at Boston for most foreign and domestic wools were the same as a month earlier. Prices for flue-cured and Burley tobacco in auctions through most of December averaged about 3 percent less than for the comparable period of last season.

DEMAND FOR GOODS AND SERVICES

The demand for goods and services continued at a high level in November and early December. Personal income payments were at record rates as rising employment, increased hourly earnings, and a slightly longer work week contributed to a pick-up in wage and salary payments in commodity-producing industries. Incomes of other major groups continued at the high levels reported in October.

Expanded consumer incomes and increased use of credit supported increased consumer buying in October and November. In addition, preliminary indications point to an increase in investment outlays by business for new plant and equipment to new highs in the fourth quarter of this year and the first quarter of 1953. New housing starts continued at an annual rate of nearly 1.2 million units. These recent gains in spending suggest that purchases by consumers, businessmen and the Government in the fourth quarter will be at a seasonally adjusted annual rate somewhat larger than in the third and will be a record high.

Consumer Buying Rises Further

Retail sales apparently rose only slightly in November from the high level of the month before. But sales recently were nearly 7 percent above a year earlier. Sales of automobiles were the largest for the year as total passenger car assemblies were at high levels and some new 1953 models were introduced. Sales of furniture and appliances and non-durable goods continued strong. Department store sales, after seasonal adjustment, declined in November from October levels and were about equal to those of a year earlier.

Increased use of credit as well as larger incomes contributed to the large retail sales of the past two months. Total consumer credit outstanding rose 650 million dollars during October, continuing the sharp expansion that has been taking place since early May when Regulation W was suspended. Total instalment credit extended during October increased 11 percent and exceeded repayments by nearly 400 million dollars. The gain in instalment credit outstanding in October was considerably larger than the increases that took place in the same month of the previous three years. The increase in charge accounts outstanding was largely seasonal.

Although total instalment credit outstanding has been increasing rapidly in recent months, personal income has also risen. Repayments on consumer credit in October are estimated to equal approximately one-fourth of disposable personal income, but repayments in April this year and in October 1951 were about the same proportion of income. However, instalment credit extended during October was about 44 percent of the total value of retail sales of durable goods, a somewhat larger percentage than in October of last year.

Investment Demand Continues Strong

Business outlays for new plant and equipment are expected to reach new highs in the final quarter of 1952 and the first quarter of 1953, according to anticipated expenditures as reported by business in November 1952 to the Securities and Exchange Commission and the Department of Commerce. Expenditures were scheduled to be at an annual rate of 28.3 billion dollars in the fourth quarter, up 10 percent from the third quarter in which expansion plans were delayed by the steel strike. Largest relative gains over the quarter are indicated for transportation industries other than rail, but all major industry groups reported substantial increases. Expenditures for the year 1952 as a whole, if present plans are realized, will total about 2 percent above 1951.

Outlays in the first quarter of 1953 are expected to be at an annual rate of about 28.7 billion dollars, somewhat higher than in the current quarter. Further gain in investment is scheduled for manufacturing industries and public utilities; mining will also be up. Declines are indicated for railroads and other transportation industries.

New Construction

New construction outlays totaled 2.8 billion dollars in November, a decline of 7 percent from October. All classes of construction activity except commercial building shared in the downward movement, but the decreases in most major types of work were less than seasonal. Public construction dropped relatively more than private because of a larger-than-usual decline in highway work. For the first 11 months of this year, new construction expenditures totaled 29.8 billion dollars, about 5 percent above the amount for the same period in 1951. The dollar volume of private work was the same as last year, but public outlays were 16 percent higher. Effective January 1, the Government eased most construction curbs except those on industrial building. This relaxation will permit increased construction of schools and commercial and recreational projects. Steel and copper allotments were increased for many types of construction including schools, hospitals, public buildings, public utilities, transportation facilities and office buildings.

On a seasonally adjusted basis total housing starts were at an annual rate of 1,160,000, about the same as a month earlier. New housing starts totaled 86,000 in November, a drop of 15 percent from the previous month. But the estimate was 15 percent more than November 1951. The entire decline during November occurred in private housing. The number of public housing units started during the month tripled to about 3,200. Housing starts for the first 11 months of 1952 totaled 1,052,500, a gain of 22,000 units over last year.

New construction activity in 1953 is expected to reach a new peak, about 1 billion over the 32 billion dollars indicated for 1952, according to outlook estimates prepared jointly by the Labor Department and the Department of Commerce. Private construction expenditures, supported by a continuing high level of housing activity and expansion in public utility plant and in commercial building, are likely to reach a new high. The number of private dwelling units started next year may be about the same as in 1952, when the million-unit mark will again be exceeded. But private industrial building is expected to drop by about one-fourth as defense plant expansion programs approach completion.

The anticipated 6-percent rise in total public expenditures for new construction in 1953 is expected to result as much from increasing activity on civilian as on military types of public work. Construction of both highways and public school building probably will rise about 10 percent; military facilities, about one-fifth; and expenditures on atomic energy facilities, nearly 5 percent. Public residential and hospital building will decline substantially in the coming year according to these estimates.

Inventories Rise

In addition to the pick-up in sales in recent months there apparently has been a demand for rebuilding inventories. Nonfarm business inventories were accumulated at an annual rate of 3 billion dollars in the third quarter after having declined in the first half of 1952. Retail inventories have risen since August, but the recent gain was due largely to rebuilding stocks of passenger cars. The ratio of retail stocks to sales at the end of October was down 13 percent from the spring of 1951 but was 8 percent higher than in June 1950. Most of the change in the ratio has been due to larger stocks of durable goods. The book value of manufacturers' inventories has increased slowly since July with most of the gain to the end of October due to larger stocks of durables.

Defense Spending

Treasury expenditures so far this quarter indicate that National security expenditures in the fourth quarter may be but little higher than the 50-billion-dollar annual rate of the third quarter. The Defense Department has recently ordered cutbacks in the rate of production of tanks and trucks. This "stretch-out" will result in smaller monthly delivery schedules but is not expected to affect total production goals.

Export Demand

Export demand for U. S. farm products dropped sharply in the July-September quarter of the 1952-53 fiscal year. Exports in this quarter were valued at 575 million dollars, down nearly one-third from a year earlier. A general increase in foreign supplies of farm products and continued shortages of dollar purchasing power in some countries were largely responsible for the sharp reduction in shipments to foreign outlets.

Exports of wheat and flour in the first quarter of 1952-53 were about one-third lower than a year earlier. Cotton exports were down about 37 percent from last year, but are expected to increase during the next few months and may total around 4.0 million running bales for the season. This compares with 5.5 million in the 1951-52 season.

OUTPUT AND EMPLOYMENT

Industry is producing at record rates and a bumper 1952 output of crops and livestock products is resulting in record marketings of farm products this fall.

A strong demand by consumers, businessmen and the Government is stimulating industrial output. Manufacturers' sales and new orders both rose 3 percent in October reflecting the generally high level of economic activity. Deliveries were at a new high with largest gains over the month in fabricated metals, transportation equipment, lumber, apparel, food and chemicals. With manufacturers' sales in excess of new orders in October, the backlog of unfilled orders declined slightly. But order backlogs for durable goods remained at nearly 6 times current monthly deliveries, about the same backlog that has held for the past year.

Industrial ProductionRises Further

Output of the nation's factories and mines increased slightly in November from the postwar record levels of the previous month to about 229 percent of the 1935-39 average. A recovery in mining of bituminous coal and a further increase in crude petroleum output were responsible for part of the gain. However, some slowdown in production of crude petroleum may be expected in coming months because of large stocks above ground. Durable manufacturing was up about 1 percent over the month with metal fabrication and the turnout of machinery and transportation equipment other than automobiles rising further. There was some decline in passenger car assemblies in the latter part of November because of model change-overs. Other consumer durables continued steady with production of television sets maintaining the high rate of a month earlier. Steel mills also maintained operations at a rate in excess of 105 percent of rated capacity, measured as of January 1 this year.

Manufacture of nondurables in November was down slightly from September and October, but remained higher than at mid-year. The increase since July is partly seasonal and reflects the pick-up in sales of nondurable goods as well as a more stable inventory situation. A slight gain in consumer demand after stocks had been well worked down apparently caused a flurry of activity in shoes, leather, and paperboard as stocks were recently rebuilt. Output of the textile industry declined slightly in October but rose to the high point of the year in November.

Nonagricultural EmploymentUp Sharply

Employment in nonagricultural industries moved sharply upward to an all-time high in November and was nearly a million above a year earlier. The gain of 900,000 from October was considerably larger than usual and reflected the high rate of economic activity during the month. Increased employment in factory work and in service activities was chiefly responsible for the gain. Agricultural employment continued its seasonal decline as the fall harvest season neared completion. Total employment at 62.2 million was up 370,000 from the month before. Unemployment rose about the usual amount in November, but remained well under a year earlier. The total labor force increased as many women took jobs in response to increased demand for workers in nonfarm industries.

COMMODITY PRICES

Demand for goods and services has been at record levels in recent months, but 1952 agricultural production is the highest it has ever been and industrial output is at a postwar high. These conditions have contributed to relatively stable average wholesale prices in recent months.

The wholesale index for all commodities dropped slightly from mid-November to early December and, at 109.6 percent of the 1947-49 base, was about 3 percent below a year earlier. In response to heavy marketings, prices were off 2 percent over the month for processed foods and 4 percent for farm products to about 6 and 10 percent less than a year earlier. Prices for commodities other than farm and food averaged somewhat under a year ago, but were stable over the past month.

The index of basic commodity prices was recently revised to include only 22 instead of the former 28 commodities, and the base was changed from August 1939 to the average of 1947-49. Fluctuations in the revised index over the past several years are greater than those in the former index. The revised index was 1 percent lower in early December than in mid-November. Prices for foodstuffs and livestock and products were down about 3 percent over the period, fats and oils nearly 4 percent and textiles and fibers about 2 percent. Raw industrial products were fairly stable. Compared with a year ago, substantial declines have occurred for all major groups, ranging from 12 percent for foodstuffs to more than 26 percent for livestock and products.

The drop of 2 percent in the index of prices received by farmers over the month ending November 15 carried the index to 277 (1910-14=100), about 8 percent below a year ago. The index of prices paid by farmers including interest, taxes, and wage rates, at 281 percent of 1910-14 in mid-November, was 1 percent below November 1951. The parity ratio (the index of prices received to the parity index) fell to 99 compared with 106 in mid-November 1951. This was the first month since 1950 that the parity ratio was below 100.

The consumers' price index for moderate income families in large cities rose 2/10 of a percentage point to 191.1 on November 15, to equal the record high of last August. Rent, utilities, the miscellaneous group, and prices for housefurnishings inched up. Prices for food averaged about the same as a month earlier, but those for clothing were off slightly.

Table 1.- Indexes of wholesale and basic commodity prices, selected groups, December 1952 with comparisons

Group	1947-49=100)				
	: Dec. 9, 1952	: Nov. 11, 1952	: Dec. 11, 1951	: December 1952 percent-	
		1/		age change from	
				: Nov. 11, 1952	: Dec. 11, 1951
<hr/>					
22 Basic commodities					
All commodities	90.6	91.7	109.7	- 1.2	- 17.4
Foodstuffs	84.9	87.3	97.0	- 2.7	- 12.5
Raw industrial	94.6	94.7	119.3	- .1	- 20.7
Livestock and products	61.6	63.7	83.8	- 3.3	- 26.5
Textiles and fibers	92.5	94.0	119.5	- 1.6	- 22.6
Fats and oils	57.4	59.8	77.1	- 4.0	- 25.6
<hr/>					
Wholesale prices					
All commodities	109.6	110.7	113.5	- 1.0	- 3.4
Farm	99.8	104.3	111.3	- 4.3	- 10.3
Food processed	104.2	106.3	110.7	- 2.0	- 5.9
All other than farm and food	112.8	113.0	114.6	- .2	- 1.6

1/ Figures for 22 Basic Commodities are as of November 12.

FARM-RETAIL PRICE SPREADS

Charges for assembling, processing, and distributing the farm-produced foods in the market basket rose in November to a new record annual rate of \$399, \$29 higher than a year earlier. Most of this increase resulted from higher charges for marketing fresh fruits and vegetables and meat products. Costs of shipping agricultural products have increased during 1952 and hourly earnings of employees in marketing establishments were about 5 percent higher in September than in the same month in 1951.

Table 2.- The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, October and November 1951 and 1952, and 1951 annual average

Year and month:	Retail cost 2/	Farm value 3/	Marketing charges 4/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951 average...	722	360	362	50
1951 - Oct. ...	722	358	363	50
Nov. ...	732	361	370	49
1952 - Oct. ...	736	341	394	46
Nov. 5/	739	340	399	46

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39. 2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. 3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing. 4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes. 5/ Preliminary estimate.

The retail cost of these farm foods was \$739 in November, \$7 higher than a year earlier, but the farm value was \$21 lower than last year. Expenditure for all goods per family is currently considerably more than the retail cost of the foods in the market basket, which does not include imported foods, nonfarm foods such as fishery products, or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption, nor does it allow for service charges on meals eaten in restaurants.

Farmers received 46 cents of the dollar that consumers spent for farm foods in November. This was 3 cents smaller than the share they received in November 1951 and equals the postwar low.

FARM INCOME

Farmers received 30.1 billion dollars from marketings during the first 11 months of 1952, only 1 percent more than during the corresponding period of 1951. Prices of farm products averaged 4 percent lower than last year, but the volume of marketing was up 5 percent.

Prices paid by farmers for all production items during the first 11 months of 1952 averaged 3 percent higher than in 1951. Although farmers' total gross income is setting another new record this year, higher costs of production are holding their realized net income at or a little below last year's level of 14.3 billion dollars.

Cash receipts from livestock and livestock products totaled 17 billion dollars through November, 6 percent below last year because of lower average prices. Receipts from meat animals were down 9 percent as a 4-percent increase in marketings was more than offset by substantially lower average prices. Receipts from poultry and eggs were down 6 percent, mainly because of lower prices for eggs. But dairy receipts were up 5 percent because of higher average prices.

Crop receipts in the 11-month period were 13.1 billion dollars, 13 percent more than last year, reflecting slightly higher average prices and substantially larger marketings. The increase was mostly in cotton, wheat, potatoes, corn, and truck crops.

Farmers' cash receipts from marketings in November were around 3.5 billion dollars, down 14 percent from October and about 4 percent from a year earlier. Prices of farm products averaged slightly lower than in October and marketings were also seasonally smaller. Compared with November of last year, an 8-percent drop in average prices was only partly offset by a larger volume of sales.

November receipts from livestock and livestock products were approximately 1.6 billion dollars, 7 percent less than in October and 8 percent below November 1951. Crop receipts in November were about 1.9 billion dollars, 19 percent less than the month before, reflecting seasonally smaller marketings. They were about the same as a year earlier with larger marketings offset by lower average prices.

LIVESTOCK AND MEAT

Total meat production is expected to decrease seasonally this winter and to show less gain over a year earlier than during the fall. There will be more beef and veal than last winter but less pork and lamb. Prices for hogs and possibly for lambs and lower grade cattle may rise, but those for medium and higher grade fed cattle are likely to decline.

Meat production has been large. The output for October-December may have set a new record for the quarter. Prices for meat animals have been correspondingly weak with those for every class lower than a year ago.

The proportion of the spring pig crop marketed by late December this year was larger than last. Since the 1953 spring crop was 9 percent smaller than the 1951 crop, considerably fewer hogs will be available for sale in early 1953 than a year before.

Hog slaughter will likely be smaller throughout 1953. Fewer spring pigs are on hand for winter marketing, 11 percent fewer pigs were raised this fall than last, and farmers' intentions are to have 13 percent fewer sows farrow in the spring of 1953 than last spring. Prices of hogs seem likely to average a little higher in 1953 than in 1952.

Sheep and lamb slaughter also is expected to be smaller in 1953 than in the past year.

Nevertheless, meat production in 1953 is expected to be larger than in 1952. The increase will come from more cattle and calves slaughtered. Cattle numbers on farms are a record high. If pastures and ranges are in good condition in 1953, the increase in slaughter will be moderate; with poorer conditions, it would be considerably larger.

DAIRY PRODUCTS

By the end of November, wholesale prices for butter had declined to a level where USDA price support purchases were resumed in volume for the first time in about 2 years. The volume of purchases of nonfat dry milk continued above a year earlier, and a small quantity of cheese was purchased in early December.

The smaller-than-seasonal decline in milk production this fall was an important factor in the decline in prices of manufactured dairy items. Production of most products exceeds levels of a year earlier. There is no indication that over-all demand for dairy products has weakened, though demand for butter may have declined slightly. Consumer incomes are continuing above year-ago levels and are likely to increase further in the next 6 months or so.

With fall weather comparatively mild and feeding of concentrates to milk cows continuing heavy, total milk flow reached an annual rate of 118.6 billion pounds in November, compared with 113.7 billion in the first 9 months of 1952 and 115.6 billion in October-December 1951. Total milk flow is not likely to continue to show the increases over a year earlier that have been recorded for recent months. Also, production of manufactured dairy products, including butter, may not continue at the recent high annual rates. Stocks of butter have been reduced less than a year earlier. They are now substantially above the 1951 levels, though no larger than average for this time of year.

Prices received by farmers in December apparently were below a year earlier for butterfat but higher for milk delivered to plants and dealers. The price position for dairy products has improved somewhat in the past year, particularly in relation to meat animals. As a result, the recent gradual decline in milk cow numbers may be halted by the close of 1953.

POULTRY AND EGGS

The seasonal decline in egg prices is under way, and in mid-December prices were below those of a month earlier. Although production per layer is above a year earlier, the number of layers on hand has been declining as compared with last year. On October 1, for example, laying flocks were 2 percent larger than a year earlier. By December 1 the flock was 1 percent under last year, and on that date the number of potential layers was 4 percent below a year earlier.

A higher rate of lay is likely to more than offset the reduction in the number of layers, and egg production is expected to continue above a year earlier until February. After February however, the drop in layers is likely to more than offset increases in the rate of lay, and egg output for the 3 or 4 months thereafter is expected to fall short of corresponding 1952 production.

Turkey prices in the East rose somewhat in the 3 weeks after Thanksgiving, and reports suggest that only a small number of birds remained on farms in that region. Government purchases under the surplus diversion program have slackened, with only 2 million pounds being taken in the first 3 weeks of December, compared with 12 million pounds in the last 3 weeks of November. By December 19, purchases totaled 46 million pounds of eviscerated turkey, about 6 percent of the 1952 crop.

Broiler prices to mid-December were down from the peak levels of the months before, but in most specialized areas remained well above the average for the year to date. The prices of a month ago were over 30 cents per pound in most specialized production areas and occasionally approached 40 cents in one of them. These prices have contributed to an increase in broiler chick placements. On the basis of recent placements in 11 reporting areas, January broiler marketings will be about 10 percent above December and almost 15 percent higher than a year earlier.

FATS AND OILS

Total supplies of fats and oils in 1952-53 may be about as large as last year's record. Larger beginning stocks of lard and edible vegetable oils will offset a drop in output of lard. The index of wholesale prices of fats and oils except butter in December was about the same as the month before but about 10 percent below a year earlier.

The 1952 soybean crop (based upon reports as of December 1) is estimated at 292 million bushels, 9 million greater than last year and the second largest of record. Production of cottonseed, based on the average ratio of lint to cottonseed for the past 5 years, is estimated at 6.1 million tons, only 3 percent less than the high level of the year before. Output of peanuts, at 1,365 million pounds, is the smallest since 1939. Production of flaxseed is placed at 31 million bushels, 4 million less than the year before.

A less than seasonal drop in milk production and increasing competition from margarine are contributing to the current price weakness for butter. Repeal of prohibitions on production and sale of colored margarine became effective in New York and Washington State on July 1 and December 4, 1952, respectively.

Only 6 States (with an estimated population equal to about 7 percent of the U. S. total) now prohibit the manufacture or sale of colored margarine. In November, the latest month for which data are available, the retail price of butter in leading cities was 83.4 cents per pound compared with 30.3 cents for colored margarine. Consumption of margarine in 1952 may reach 8.0 pounds (actual weight) per person, compared with 6.5 the year before. Consumption of butter in 1952 is likely to be down about three-quarters of a pound from last year when 9.6 pounds (actual weight) were consumed.

CORN AND OTHER FEED

Corn prices this fall have been below the 1952 support level and 15 to 25 cents lower than a year earlier, reflecting the bumper crop in the Corn Belt. Corn prices strengthened during November, and in the first half of December No. 3 Yellow corn at Chicago averaged about 10 cents per bushel higher than in early November. They probably will strengthen further later in the season, as marketings are reduced and more corn is held under price support. Prices of high-protein feeds are generally near or a little above last year's level. Soybean meal prices continued somewhat below the ceiling in December, while many of the other protein feeds remained at the ceilings. Prices of animal protein feeds continue low in relation to prices of most other high-protein feeds.

The total supply of all feed concentrates for 1952-53 was estimated in December at close to 168 million tons, slightly smaller than last year, but slightly larger than last year's supply per animal unit. The 1952 production of feed grains totaled 121 million tons, 7 percent larger than in 1951. A crop of this size appears adequate to meet 1952-53 requirements without a further decline in carry-over stocks. The 1952-53 corn supply is estimated at 3,796 million bushels, about 4 percent larger than last year. The 1952 crop of 3.3 billion bushels probably will be sufficient to meet 1952-53 needs and permit some increase in stocks carried over at the end of the season. Smaller supplies of other feed grains, however, are expected to result in reduced carry-over stocks of these grains.

WHEAT

A record world wheat crop is expected in 1952-53. Importing countries shared in the over-all increase in wheat supplies and world trade is expected to drop about 10 percent below the high level of 1951-52. United States exports are likely to be down about one-third.

World wheat production in the current year is forecast by the Office of Foreign Agricultural Relations at 7.24 billion bushels compared with the 6.02 billion average for 1935-39. The crop appears above average in all Northern Hemisphere continents with the sharpest increase over 1951-52 in North America. The United States contributed its second largest crop on record while the Canadian crop was a new high. The Western European harvest is a near-record and that of Africa a record, mainly because of the large crop in French North Africa. A record outturn also is reported for Asia but substantial imports will again be needed in Japan and India. Prospects point to an above-average crop in South America but below average in Australia.

Exports from the United States in 1952-53 are expected to fall within a 300 to 350 million bushel range compared with 474 million in 1951-52, the third highest in our history. Canadian exports likely will exceed somewhat the high level of 360 million bushels in 1945-46 and probably would be substantially larger if they were not limited by Canada's internal transportation system. Exports from Australia and Argentina may not exceed the 130 million bushels of 1951-52 while exports from other areas may be around 100 million bushels, 25 million above a year earlier.

Total wheat supplies in the United States for 1952-53 are estimated at about 1,575 million bushels. This includes the July 1, 1952 carry-over of 257 million bushels, the crop of 1,291 million and imports of feeding-grade wheat of between 15 and 25 million bushels. Domestic disappearance may total about 690 million bushels compared with 680 million in 1951-52. If exports total 325 million, the carry-over next July 1 would be about 560 million bushels.

With record quantities likely to be placed under the support programs, it is probable that prices will rise above December levels in the early part of the new year. Cash wheat prices are now generally close to the effective loan (the announced loan with a deduction for storage).

Prospects for winter wheat this year are more uncertain than usual. Based on the condition of the crop as of December 1, and other factors, a 1953 winter wheat crop of 611 million bushels is indicated. This is 24 percent below the 1941-50 average of 800 million bushels and the smallest since the 537 million bushels produced in 1943. If an average crop of spring wheat is produced, a winter crop of this size would result in a total crop of about 900 million bushels. This probably would be less than domestic requirements and exports and result in some reduction in the relatively large carry-over by July 1, 1954.

FRUIT

With stocks of apples and pears smaller than a year ago and demand continuing strong, grower prices for these two fruits may increase further during early winter. Prices for oranges and grapefruit probably will decline in January with the usual post-holiday weakening in demand for fresh citrus. But they are likely to increase later in the winter as canning and freezing reach heavy volume.

Cold storage holdings of apples on November 30, 1952 were 10 percent smaller than holdings on that date in 1951 and 21 percent smaller than the November 30 average for 1947-51. Cold-storage stocks of pears were 5 percent smaller than a year earlier and 6 percent under average. Grower prices for apples and pears advanced in November. In December wholesale prices held steady. Grower prices may advance further this winter, probably continuing above the relatively high levels of early 1952.

Partly in response to strong Christmas demand, terminal auction prices for oranges increased moderately in late November and held fairly steady in early December despite much larger shipments. Auction prices for grapefruit advanced in early December. Although prices are likely to decline somewhat in January as fresh market demand slackens and supplies continue heavy, prices are expected to advance later with seasonally heavy movement to processors. To encourage exports of fresh and processed oranges

and grapefruit, the United States Department of Agriculture made effective on December 5, 1952 an export-payment program for these two fruits similar to programs in effect during the past four years.

Packers' stocks of canned Florida citrus juices were about 38 percent smaller on December 6, 1952 than a year earlier. Stocks of citrus segments and salad were 7 percent smaller. On November 30, 1952, cold-storage holdings of frozen orange juice were about 5 percent larger than stocks on that date in 1951. But total holdings of frozen fruits and berries (excluding juices) were 12 percent smaller.

COMMERCIAL TRUCK CROPS

For Fresh Market

Total production of 14 fresh vegetables for harvest in the first quarter of 1953 is expected to be 8 percent larger this winter than last, according to early December reports. Because of the larger supply in prospect, prices probably will be somewhat lower than last winter, although demand will remain strong. Indicated supplies are substantially above those of last winter for beets, cabbage, carrots, lettuce, and green peas, but substantially smaller for lima beans, broccoli, escarole, shallots and spinach. Expected changes are small for other crops estimated to date. However, sudden and adverse changes in weather often affect winter season production, and the supply situation is never certain in advance of harvest.

For Commercial Processing

Commercial canning and freezing of vegetables is largely completed for this year, although final pack data for some items will not be available for several months. Supplies are generally adequate to meet demand until the packing season begins again next year and prices for canned and frozen vegetables probably will change very little from current levels. If stocks clear well between now and the beginning of the next contract year, processors probably will seek tonnage in 1953 on about the same scale as in 1952.

POTATOES AND SWEETPOTATOES

Supplies of late crop potatoes are believed adequate to supply demand through this winter and next spring at prices substantially below the record prices of the spring and summer of 1952. Some increase over 1952 in the quantity of new potatoes produced next spring is expected because of the relatively high prices received in the last two seasons. As one indication of this, the early commercial acreage for winter and early spring harvest is expected to be about one-fourth larger than last year; this area is not too significant for the year as a whole, however, since it usually produces less than 1 percent of the annual total crop. The national production goal for 1953 is for 359 million bushels of potatoes, about 3 percent more than the November 1 estimate of the 1952 crop totaling 349 million bushels.

Prices for sweetpotatoes probably will continue about the same as last year, since the 1952 crop is only slightly larger than last year's very small crop. A substantial increase in acreage of sweetpotatoes has been suggested for 1953 in the Department goals.

COTTON

Exports during the August-October period amounted to 643 thousand running bales or 59 percent of cotton exports during the same months last year. The export rate is expected to increase during the next few months and total exports for the season are estimated in the neighborhood of 4 million bales compared with 5.5 million in the 1951-52 season.

Cotton production in foreign non-communist countries in 1952-53 is expected to drop about 100 thousand bales below the 13.3 million produced last season. Cotton consumption in these countries during the current season is expected to be around 15.6 million bales as compared to 15.8 million in the 1951-52 season, and exports to communist countries and the U. S. will probably be about 1 million bales. The carry-over on August 1, 1953 in the foreign non-communist countries will probably be about 600 thousand bales larger than a year earlier.

Grants and loans which have been made by the U. S. government to foreign countries to date will finance about 950 thousand bales of cotton exports at current prices. Cotton purchased with MSA funds authorized so far must be shipped by March 31, 1953.

Total disappearance in the U. S. may be close to 13.7 million bales. If the rate of domestic mill consumption which prevailed from August through November, 37.7 thousand bales per working day, should continue for the remainder of the current season, consumption from August 1, 1952 through July 31, 1953 would total about 9.7 million bales. The supply for the 1952-53 crop year is estimated at 17.8 million bales and the carry-over on August 1, 1953 will probably be around 4 million bales.

WOOL

Prices of most grades of wool at the Australian auctions advanced slightly between mid-November and mid-December. Except for a decline of 5 to 10 percent early in September, prices in Australia have trended gradually upward since reaching the low levels of last March. The net advance between March and mid-December was between 25 and 30 percent for fine wools.

Quotations at Boston at mid-December for all Australian shorn wools and Montevideo 4's and 5's were slightly higher than a month earlier. Except for slight increases for original bag territory and graded low 1/4-blood and common and braid wools, quotations for domestic shorn wools were the same as a month earlier.

Prices received by growers for shorn wool have averaged below the national average loan value of 54.2 cents per pound, grease basis, since the 1952 price support program became effective on April 1. As of October 31, about 57 million pounds, grease basis, of shorn wool had gone under loan, or approximately one-fourth of 1952 production.

It has been announced that the various closing dates applying to loans and purchases under the 1952 wool support program will be extended an additional three months. It has also been announced that the national average support price for wool shorn and pulled during calendar year 1953 will be 90 percent of the March 15, 1953, parity price for wool. The 1953 mohair support level will be 78 percent of parity, but no support operations are expected in 1953 since mohair market prices are well above estimated support prices.

Mill consumption of apparel wool through October of this year totaled 292 million pounds, scoured basis, about 12 percent less than last year. Mill use of carpet wool, however, was about 6 percent more than the 88 million pounds consumed last year.

Imports of dutiable wool for consumption during January-October were about 9 percent below last year. Imports of duty-free wools, however, exceeded those of last year by 14 percent.

TOBACCO

Burley tobacco was in fairly strong demand during December--the first month of sales of the 1952 crop. Approximately three-fifths of the 604 million pound crop (third largest on record) was sold at an average price of 51.4 cents per pound. This general average exceeded the support level of 49.5 cents but was about 2 1/2 percent below the average price in the comparable period of the 1951 season. Growers have placed about 16 percent of deliveries thus far under Government loan.

Flue-cured tobacco auctions are nearing completion. The 1952 crop of 1,368 million pounds was the second largest on record. Prices have averaged about 50 1/2 cents per pound--approximately 3 percent less than last season's average. Flue-cured growers have placed around 10 percent of deliveries under Government loan.

Growers of flue-cured and Burley in referenda held this year voted heavily in favor of marketing quotas for the next 3 years. The announced acreage allotments for 1953 are moderately lower than those for 1952.

Cigarette manufacture--the principal outlet for flue-cured, Burley, and Maryland tobacco--will reach a new record this year. Total output is estimated at about 430 billion compared with 419 billion in 1951 and 392 billion in 1950. High output is expected to continue during 1953. The manufacture of smoking tobacco in 1952 is estimated at about 98 million pounds --3 percent below that of 1951 and the smallest in this century.

Auction prices for Virginia fire-cured (type 21) and Virginia sun-cured (type 37) averaged 35.4 and 30.9 cents per pound, respectively, from the start of sales in early December through December 18. These prices were moderately lower than in the corresponding period of last season. Auctions for One Sucker and Green River (types 35 and 36) began around mid-December, and prices during the first several days averaged 32.3 and 30.8 cents per pound. These prices were down 4 and 10 percent respectively from the averages in the comparable period of 1951. Fire-cured and dark air-cured tobacco have their principal domestic outlets in snuff and chewing tobacco, respectively. Snuff consumption this year may slightly exceed the 1951 total of 39 million pounds. During the first 3 quarters of 1952, output of plug, fine-cut, and scrap chewing were a little below that in the same period of 1951 but twist showed an increase.

Cigar tobacco is used mainly in cigars but also a significant quantity goes into scrap chewing. Cigar consumption probably will reach 6.0 billion this year compared with 5.7 billion in 1951 and 5.5 billion in

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1950. Production of most types of cigar tobacco was lower in 1952 than in 1951. The 1952 acreage of Puerto Rican tobacco (to be harvested in the early months of 1953) is indicated to be 4 percent above that of a year ago. Price supports are not in effect on the 1952 crop (except Puerto Rican) but will be in effect at 90 percent of parity for the 1953 filler and binder crops (except Pennsylvania Seedleaf, type 41).

Tobacco leaf exports during January-October 1952 totaled 315 million pounds--23 percent less than in the same months of 1951. The major drop was in exports to the United Kingdom, which were down about 75 percent. Export prospects for tobacco may be better by late 1953 if the economic positions of important importing countries, particularly in Europe, continue to improve over the next several months.

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